



Agenda Date: 6/21/06
Agenda Item: **68**

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

RELIABILITY AND SECURITY

DECISION AND ORDER

IN THE MATTER OF THE PETITION AND
REPORT OF NEW JERSEY NATURAL GAS
COMPANY FOR AUTHORIZATION AND)
APPROVAL OF THE INSTALLATION OF A
TRANSMISSION PIPELINE PURSUANT TO
N.J.A.C. 14:7-1.4

DOCKET NO. GO06030229

(SERVICE LIST ATTACHED)

BY THE BOARD:

On March 20, 2006, New Jersey Natural Gas Company ("Petitioner" or "NJNG") filed a petition with the New Jersey Board of Public Utilities ("Board"), pursuant to N.J.A.C. 14:7-1.4, for authorization to relocate, replace and increase in size 29,805 feet of an existing 10-inch gas transmission pipeline, known as the Franklin Line, with a maximum allowable operating pressure ("MAOP") of 525 pounds per square inch gauge ("psig") in the Townships of Middletown, Holmdel, Colts Neck and Marlboro, in Monmouth County, New Jersey ("Proposed Pipeline").¹

The Franklin Line, which is approximately 17.9 miles in length and has an MAOP of 525 psig, starts at the Old Bridge Station located on Old Bridge Turnpike in the Township of East Brunswick and ends at the Parmly Road Station in Tinton Falls. The line is fed by Petitioner's Sayreville transmission pipeline through the Old Bridge Station that transports natural gas supplied from either Texas Eastern Transmission Corporation or Transcontinental Gas Pipeline Corporation ("Transco").

While the pipeline route for both the existing Franklin Line and that portion of it designated as the Proposed Pipeline is relatively the same, the section of the Franklin Line to be replaced, which was constructed in 1950 and 1952, will be increased in size from 10 inches to 20 inches as part of a systematic routine maintenance program.² Connections for in-line inspection

¹ This section of main is being replaced as the third phase of a systematic routine maintenance program for the Franklin Line designed to meet federal pipeline integrity management requirements set out in Part 192 of Title 49 of the Code of Federal Regulations. The other phases were approved by the Board by Orders dated September 15, 2005, in Docket Nos. GE05070643 and GO04121540.

² In response to an inquiry by Board Staff, Petitioner advised the Board that the reasons for the increase in the size of the Franklin Line from 10-inches to 20-inches is: (1) to increase operational flexibility

launching and receiving equipment will also be installed to facilitate line inspections with smart pigs. NJNG noted that it plans to begin construction of this project as soon as it receives Board approval.

The scope of this project is set out in Exhibit A attached to the filing and reflects that the Proposed Pipeline route will run along Swimming River Road in Middletown and along Newman Springs Road in Middletown, Holmdel, Colts Neck and Marlboro.

N.J.A.C. 14:7-1.4 provides, in pertinent part:

Gas pipelines which are to be operated at a maximum pressure in excess of 250 psig shall not be installed within 100 feet of any building intended for human occupancy. . . unless such installation is authorized and approved by the Board.

The Proposed Pipeline will have the same MAOP as the existing pipeline – 525 psig. Once replacement of the entire Franklin Line is completed, NJNG plans to increase the MAOP to 722 psig which is the same MAOP as its existing Jamesburg Line. The relocation changes the number of structures intended for human occupancy within 100 feet of the centerline of the project from 67 structures to 64 structures of which 16 structures are commercial and 48 structures are residential. In Exhibit B attached to its filing, NJNG has shown the block and lot numbers, the names and addresses of the property owners, and the distance of the structures from the centerline of the Proposed Pipeline. Petitioner has notified all the property owners of the proposed construction and has also notified and met with officials of the affected municipalities. In addition, after appropriate notice by newspaper publication and by direct mailing to the affected property owners and municipal officials, the Board conducted a public hearing in this matter on May 16, 2006, at the Colts Neck Township Hall. The only member of the public to appear at the hearing was the Township Engineer for Colts Neck who inquired about the timeframe for the construction and some roadway access-related issues. No concerns or opposition to the Proposed Line have been raised by any member of the public with either Petitioner or the Board.

The record reflects that, while alternative routes were evaluated, the physical geography of the area south and west of the existing pipeline, primarily due to the Swimming River Reservoir, made any alternative routes in this area, which has the potential to be highly developed in the future, considerably longer and more costly. In addition, all alternative routes north of the existing pipeline, such as Boundary Road and Clover Hill Road, would also be longer and would run through existing heavily developed residential areas.

The engineering specifications related to the project are set out in Exhibit C to the filing. The Proposed Pipeline will be constructed of 20-inch outside diameter pipe with a 0.375-inch wall thickness. It will be manufactured in accordance with the applicable American Petroleum Institute Standard 5LX with a specified minimum yield strength of 60,000 pounds per square inch (psi) and a minimum tensile strength of 75,000 psi. The Proposed Pipeline will be constructed in accordance with N.J.A.C. 14:7-1.1 et seq. and the Federal Regulations for the Transportation of Natural and Other Gas By Pipeline, Part 192, Title 49 of the Code of Federal

allowing NJNG to route natural gas through different pipelines when certain sections of its system requiring maintenance or smart pigging; (2) to enable NJNG to take more supply from Transco when such action would help to reduce gas costs and increase supply diversity; and (3) to strengthen system reliability in the event that an adjacent pipeline encounters operational problems during peak season conditions.

Regulation. The Proposed Pipeline is designed for Class 4 Location and will be designed to accommodate future in-line inspection devices. The Proposed Pipeline will be subjected to 100% non-destructive testing on all welds and to hydrostatic test pressures of at least 2,025 psig, which will produce 90% of its Specified Minimum Yield Strength. As a result, the new section of 20-inch main will be qualified for a MAOP of 900 psig.

The potential negative impacts on the State's smart growth policy goals will be minimal. This project is not an extension and is not being built in response to an application for service by an individual person. Therefore, it is not subject to the Board's Main Extension rules at N.J.A.C. 14:3-8. High pressure transmission pipelines of this nature are not normally tapped to provide distribution of gas service directly from some mid-point along the line. Given this fact, it is difficult to determine the impact of such a pipeline on development patterns. Development would most likely be associated with the distribution system on either end of the pipeline. That distribution would likely be subject to the Main Extension rules.

The relocation and replacement of this portion of the Franklin Line is part of a systematic maintenance program that increases the relocated portion from 10 inches to 20 inches in order to match the remainder of the pipeline. As indicated above, this will allow Petitioner to smart pig the line as part of its pipeline integrity program. In addition, the improvement also cuts out a choke in NJNG's system and will give Petitioner a solid 20-inch line from the Old Bridge Station in East Brunswick to the Parmly Road Station in Tinton Falls which will give NJNG greater diversity in its supplier selection in an effort to maximize cost savings that may be available in the interstate gas market.

The proposed pipeline section will run through parts of Middletown, Holmdel, Colts Neck and Marlboro. It will be built essentially along the same route as the existing pipeline. The Proposed Pipeline will run through Environmentally Sensitive Planning Area (PA 5) to the west and Metropolitan Planning Area (PA 1) to the east as designated by the State Development and Redevelopment Plan policy map. The construction of a transmission line is not necessarily inconsistent with these area designations, especially if development that may be associated with this pipeline takes place in Urban or Suburban Planning Areas, designated centers or endorsed plan areas.

The Bureau of Pipeline Safety of the Board's Division of Reliability and Security has reviewed the filing and record in this matter and recommends approval of the relief requested.

After review of the entire record in this matter, the Board HEREBY FINDS that:


1. The replacement and construction of the Proposed Pipeline, which was constructed in 1950 and 1952, is necessary and is in the public interest;
2. The Board is satisfied that the proposed replacement and construction cannot be reasonably avoided;
3. The Board has received no objection from officials of the affected municipalities or from persons whose residences and business establishments are located within 100 feet of the Proposed Pipeline; and
4. The standards that Petitioner will use in the design, construction and testing of the Proposed Pipeline will comply with all applicable State and

Federal Codes, and inspections of the pipelines will be performed by personnel of the Board's Bureau of Pipeline Safety.

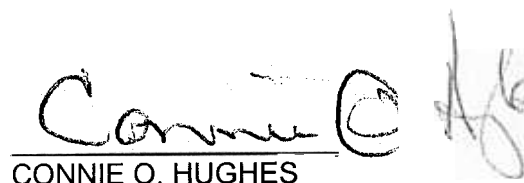
Therefore, based upon the foregoing, the Board HEREBY APPROVES and AUTHORIZES, on an expedited basis, the replacement and construction of approximately 29,805 feet of 20-inch transmission pipeline with a maximum allowable operating pressure of 722 psig, as requested by NJNG, in the Townships of Middletown, Holmdel, Colts Neck and Marlboro, Monmouth County, New Jersey,

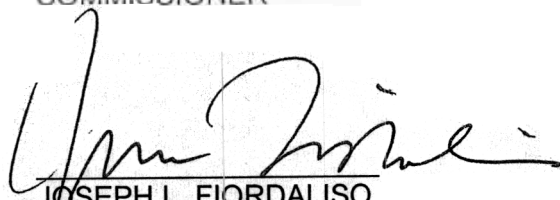
DATED: 6/22/06

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M.
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

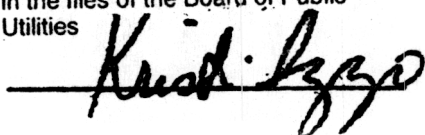

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



**New Jersey Natural Gas Company
I/M/O the Installation of a Transmission Pipeline in Townships of Middletown, Holmdel,
Colts Neck and Marlboro, Monmouth County, New Jersey
BPU DOCKET NO. GO06030229**

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